

The American Observer

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe

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Bumper Crop Threat To Cotton Producers

Falling Prices Feared as Estimated Yield for Year Fixed at 16,000,000 Bales

CROP CONTROL ISSUE RAISED

Acreage Reduction Again Advocated as Only Means of Insuring South Good Price

These are busy days in the cotton South, a great section of the country, which stretches from Tennessee to the Gulf and from western Texas to the Atlantic Coast—busy days, but not happy days. The cotton-picking season is on in the northern part of the section, though it is over farther south. And it is a bumper crop which is being picked this fall, a crop amounting to about 16 million bales—a figure which has been exceeded but four or five times in the history of southern agriculture.

But the big crop, strangely enough, is not a cause of unmixed rejoicing. There are doubts and fears in the hearts of the southern farmers, for while the crop is large the price of cotton is falling. A little while ago it was selling for 12 cents a pound, now it is less than 9 cents, and the future is uncertain. The farmers remember the time, only five years ago, when they were selling their cotton for 5 cents a pound. We can understand what that means if we know that the price usually obtained before the World War was around 13 cents, that it went to 40 cents in the boom days when American troops were in the field, and that 20 cents was a common figure for the 1920's.

Effects in Human Terms

But why is the price toppling? The explanation is simple. It is estimated that 16 million bales will be gathered in this fall from the southern cotton fields. Probably 6½ million bales can be sold in the United States. It is estimated that foreigners will buy 6 million bales. This will leave 3½ million bales which cannot be sold. When such a surplus hangs over the market, the price is almost certain to decline.

The failure to sell the cotton crop and the resulting fall of prices spells something like disaster for several million families living on the farms and plantations in the southern states. These people raise a few things other than cotton, but they depend upon cotton principally for their ready cash. They may raise things for their own use, but cotton is the crop which they sell. It is the "money" crop. When the price falls so low that the farmers cannot get enough for their cotton to pay the expenses of raising it, there is want and despair and fear in hundreds of thousands of families. Speaking of the great crash of cotton prices following the breaking out of the World War, Peter Molyneux, editor of the *Texas Weekly*, says: "I shall not attempt to give an adequate idea of what this meant in human terms, but I learned during the first two years of the World War from what I witnessed in the Cotton South, that there are worse experiences than going into battle and many more that are quite as frightful. The lives of thousands of men and women were permanently handicapped in consequence of the sudden and unexpected losses which resulted, and the cotton producers of the South never really recovered from the setback of those years."

And of course it is not the farmers of (Concluded on page 8)



FARM SECURITY ADMINISTRATION PHOTO BY LANGE
COTTON—THE SOUTHLAND'S PRINCIPAL STAPLE COMMODITY

In This Hour of Crisis

There can be no question that the prospect before the world today is a gloomy one. The threat of war is imminent. It may not come out of Shanghai or the Mediterranean disturbance. It may be postponed from month to month. But even the most optimistic of those who have followed the progress of affairs in Europe and Asia during recent months see no present hope for settled peace and good will. As the nations continue to arm to the point of throwing themselves into bankruptcy, and as the autocratic nations become ever more aggressive, the prospect of some solution or settlement which will lead to a common understanding and to a reduction of armaments is certainly not bright. It will be hard to find a way out of the predicament in which the nations have now become involved. How a war can be long avoided cannot easily be seen.

As a matter of fact, there is already widespread war in the world—undeclared war on many fronts. Some predict that the fighting will go on and gather momentum, that undeclared wars will develop and spread like whirlwinds. They fear that we are at the beginning of a period comparable to the Thirty Years' War. They think it likely that the nations for years to come will fight until civilization is threatened or crushed throughout the world. That is possible, but by no means inevitable. No man can see thirty or twenty or even ten or five years into the future. Even though we may be at the verge of war, it cannot safely be predicted that the people of the world will allow themselves to be engulfed year after year by a flood of arms and blood which will wipe out our civilization and culture. Before that happens, it is quite possible that there may be a revolt among the peoples of the world against the narrow nationalism which threatens their lives. It is possible that out of the chaos which perhaps lies before us there will come a great spiritual awakening which will bring the peoples of the world into a new unity. That is quite as possible as it is that they will follow the present type of leadership into the depths of catastrophe.

It is a fact, however, that the future is clouded by uncertainty. What the nations of the world will do during the next few years we do not know. We do not know how our own country will be involved. We do not know what the developments of the coming months will mean to our security and our institutions. This much we do know: The probability that our country and its institutions will pass through the coming storms in security and peace will be greater if the American people, while there is still time, inform themselves of the issues which are involved and resolve to act in every crisis which appears with poise and thoughtfulness and sanity. To that end no more patriotic act can be performed today than for each citizen, each school, and each class to give time and thought to the careful study of the problems involving their country's peace, safety, and security. There is a mighty will among the people of this nation to walk in peace and to travel the paths of progress. Let this will be guided by a vigilant and informed intelligence and it shall yet prevail.

Nyon Parley Acts in Mediterranean Crisis

Under Franco-British Leadership Powers Accept Plan to Fight Pirate Submarines

NEW WAR SCARE IS CREATED

Italy and Germany Refuse to Participate as Russia Makes Serious Accusations

Once more the leading diplomats of Europe have gone scurrying to the shores of Lake Geneva to discuss international problems of grave concern. Since the close of the World War dozens of conferences have been held in the Swiss towns which surround the beautiful lake which lies at the foot of Mont Blanc. Geneva, Lausanne, Morges, and Montreux have all been the scene of international parleys whose deliberations have deeply affected the course of European affairs. But of all the meetings none has been more vitally important than the one which took place in the little known town of Nyon, located just 14 miles from Geneva, the seat of the League of Nations.

Nyon Conference

The Nyon conference was called by England and France for the purpose of discussing a problem which has done much to threaten the peace of Europe and the world. That problem arose from the Spanish civil war which has kept the entire continent in a state of nervous tension for more than a year, and specifically from the critical situation that had developed in the Mediterranean as a result of a number of attacks by mysterious submarines upon merchant vessels plowing through its waters. Both the English and the French were deeply concerned over the operations of these "pirate" submarines and felt that joint action should be taken to call a halt to them. But the situation took a turn for the worse when Soviet Russia flatly accused Italy of responsibility for the attacks. The Italians denied in anger that they had anything to do with the submarines and refused to sit down in conference with the powers which were meeting at Nyon. Their fascist allies, the Germans, likewise refused to send representatives to the Swiss gathering.

But the other powers were determined to hold the conference despite the absence of the two fascist nations. And it did not take long to work out an agreement upon a course of action in the Mediterranean. Mainly because England and France had agreed in principle in advance, and secondly because the powers were represented by leading governmental officials who could speak for their respective governments, a formula was soon agreed upon. Britain and France are to supervise the main sea lanes of the Mediterranean to prevent further piratical attacks upon shipping. The other Mediterranean powers represented at the conference—Greece, Egypt, Rumania, Bulgaria, Yugoslavia, Turkey, and Russia—are to be responsible for protecting vessels in their territorial waters, and Russia is to supervise the Black Sea. Through this system of control, it is hoped that the widespread raids upon neutral shipping will be brought to an immediate halt.

But why did the episode of the pirate submarines threaten such calamitous consequences to the whole of Europe? Why did it bring Europe nearer to the brink of war than the scores of other incidents that have developed since the outbreak of the civil



GREAT BRITAIN MOBILIZES HER DEFENSIVE FORCES TO SAFEGUARD SHIPPING IN THE MEDITERRANEAN

war in Spain in July 1936? To answer these questions one must understand not only the role of the Mediterranean in European diplomacy and the conflicts of interest over control of that sea, but also the relationship of the various powers of Europe to the war that has been raging in Spain for more than a year.

Role of Mediterranean

For hundreds of years, the Mediterranean has played a vital part in the affairs of European nations. It is Europe's great inland sea—the pathway of water-borne commerce between Europe and Africa. Through the Suez Canal it offers the shortest route to India and the Far East, and for this reason it is called one of the lifelines of the British Empire. Ever since the early Phoenicians cast their first boats upon its waters, this long blue sea has been a vital lane of travel for the nations of the European continent.

Until relatively recently, the Mediterranean has been under the undisputed control of the British navy. But when the Italians embarked upon their Ethiopian venture two years ago, they challenged British control and the British did not wish to force the issue by engaging in a naval warfare with the Italians. Whether the British are in a position to retain their supremacy is a question which need not concern us here. The important point is that there is a vital conflict of interest in the Mediterranean—a conflict which affects most directly three countries—England, France, and Italy.

Spanish War

When the mysterious attacks upon the vessels of England, France, and Russia became serious, there was a feeling that action should be taken to curb the operations. While the French and English did not go so far as the Russians by accusing the Italians of making the piratical attacks, there was a general feeling among them that the submarines were Italian and were being used to further the cause of the insurgents in the Spanish civil war. Whether they had irrefutable proof of their Italian ownership is not known, but many events of the last year cast strong suspicion upon Italy. Certainly the whole episode was definitely linked to the life-and-death struggle that has been taking place in Spain since the outbreak of the civil war.



THE LITTLE TOWN OF NYON, SWITZERLAND, WHERE THE CONFERENCE ON PIRACY IN THE MEDITERRANEAN WAS HELD

It should be remembered that when war broke out in Spain in the summer of 1936, it was not long before the conflict became more than a local conflict. In the very nature of the case, the Italians and the Germans had a vital interest in the victory of General Francisco Franco, who promised to establish a government more in sympathy with the aims of fascism as practiced in Germany and Italy. The government the Franco forces were seeking to overthrow was composed of socialists, communists, liberals, radicals, and anarchists—those political groups which have always been anathema to the two dictatorships of Europe.

On the other hand, the Russian government felt that it had a vital interest in the outcome of the Spanish civil war. Fascism has been its greatest enemy and the government naturally felt that the establishment of another fascist dictatorship in Europe would greatly threaten Russian security. This was especially true at a time when both Germany and Italy were taking a more aggressive position in their opposition to Communism.

Other Reasons

In addition to Italy's and Germany's desire to see the establishment of a regime in Spain which would be sympathetic to their aims and which would cooperate with them in international matters, there were other reasons why the two fascist powers felt they had a stake in Spain. Italy might be able to realize her ambitions of domination of the Mediterranean by having an influence over Spain. Germany was interested in gaining access to the rich mineral resources of Spain, many of which she lacks at home and sorely needs for her various industries.

Although it was denied at the outset, the three powers openly took sides in the Spanish adventure. Italy and Germany not only sent men to march with General Franco's soldiers, but they supplied the insurgents with the materials which they needed to prosecute the war. Likewise the Russians contributed heavily to the loyalist cause, both in men and munitions and other supplies. Because of the participation of foreigners, the civil war was aptly called the "little world war." Russia has been at war with Germany and Italy in Spain for many months.

If suspicions were cast upon Italy as the instigator of the piratical submarine attacks, it was largely because of the feeling that she was trying to deal a crippling

blow to the Spanish loyalists by shutting off their supplies from neutral countries. Franco and his fascist allies have not been content with the progress of affairs in Spain, as they have been unable to subdue the loyalists. It was felt that they were acting in desperation, using the submarine attacks as a weapon to bring their enemies to terms. Since Franco is known to have few submarines, suspicion naturally reverted to the Italian allies.

Fears Aroused

However valid these accusations may be, the fact remains that the Spanish war has had serious consequences and may yet upset the delicate balance upon which the peace of Europe hangs. Ever since the outbreak of hostilities, the British and French have attempted to keep the war a local affair. They established a nonintervention committee whose efforts have come to naught, for with the passing of months the powers directly interested in the conflict have become more and more open in their assistance to one side or the other. Their action at Nyon is the most decisive the neutral powers have yet taken to prevent the conflict from engulfing the whole of Europe in a deadly battle. While the danger of an immediate outbreak seems to have passed, the whole situation is so charged with dynamite, each incident having become more critical than the last, that, in the words of a prominent American financier who recently returned from Europe, "anything can happen."

One of the significant results of the submarine incident and the Nyon conference seems to be the emergence of Russia once more as a dominant influence in European politics and diplomacy. The Russians, by making the bold gesture of directly accusing the Italians of responsibility, appear determined to force a number of issues that have remained under cover in connection with the Spanish war. England has hitherto been unwilling to take a decisive stand against the Italians and the Germans. She has been trying rather to compose the differences which have separated them. The Russians have long felt that the only way to prevent Italy and Germany from upsetting the peace of Europe was for them to stand solidly with Great Britain and France; to form a counterbalancing alignment to offset what has come to be known as the "Rome-Berlin axis," or the close working arrangement of the fascist powers. By their surprise move against Italy, the Russians may have forced England to line

up more closely with France and themselves than would otherwise have been the case. Whether this will result in a definite arrangement among the three nations is impossible to determine at this time.

One thing seems certain: Russia appears determined to do everything possible not only to prevent an insurgent victory in Spain but also to thwart the growing power and influence of the fascist powers in European affairs. Their position has been strengthened during recent weeks, for they no longer face the menace on their eastern front which existed before Japan's latest invasion of China. The Japanese are hardly likely to attack Russia at a time when they have their hands full with the Chinese armies. And, contrary to popular belief, Russia does not seem to have been greatly weakened internally by the recent executions of high army and governmental officials. Her game now appears to be to force the French and British to line up with her in the great diplomatic game.

U. S. Is Anxious

While the whole world breathes somewhat easier as a result of having weathered this new crisis, there remains deep concern as two full-fledged wars are in process, in the East and the West. Our own government is watching developments with anxious eyes, charting a neutral course but keeping its policy upon a 24-hour basis. The President has admitted frankly that the situation is acute, with few signs of permanent peace to be seen on the horizon. He has let it be known that he considers the policies of the autocratic powers to constitute a menace to world peace, but that he is doing everything possible to keep the United States out of war. Whether the Roosevelt administration is considering the possibility of lining up with the democratic nations of the world in a united effort to prevent war or to steer a course of strict neutrality for the United States (see page 7) is not clear, although some saw signs of the President's veering toward the former course in a statement made last week at Hyde Park. In speaking of the state of alarm that has spread throughout the world as a result of the latest crisis, the President said that he could not speak for the autocratic governments but that he could come pretty close to speaking for the democratic governments. Some have interpreted this assertion to mean that this government is working closely with the democratic governments, although there is no way of knowing exactly what the President meant by these words. At any rate, government officials, as well as the public at large, will breathe much easier when the present storm is successfully weathered.



THE MEDITERRANEAN—AREA OF TENSION

DRAWN BY JOHNSON

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AROUND THE WORLD

Mexico: President Lazaro Cardenas has announced that the Mexican revolution is only 30 per cent completed, and that it will go steadily forward until its major objectives have been accomplished. Already large changes have been made in agriculture. It is estimated that about two-thirds of the land has been restored to the peasants. This land has been taken from the great absentee landowners and organized into communal farms for the landless peasants.

The government is expected to move rapidly along the industrial front. An important first step will be in the oil industry, which for years has been dominated by foreign capital, largely British and American. It is estimated that the American investments in oil alone amount to between \$200,000,000 and \$300,000,000, more than

the total American investments in China. The Mexican government has long felt that these foreign investments constitute a heavy drain upon one of Mexico's great resources.

Whether the government will attempt directly to take over the oil industry is not known. Early this

year the National Petroleum Administration was set up for the purpose of controlling the industry—which control, it was feared, would eventually lead to expropriation. Foreign investors are uneasy over these developments in Mexico and are determined to defend their investments. The United States government has already protested against proposed heavy taxes upon the oil companies and increased wages for workers in the industry.



H. B. E.
LAZARO CARDENAS

Paraguay: Within the last few weeks, Paraguay has been seething with revolt, and twice the government has changed hands. About the middle of August an uprising resulted in the overthrow of General Rafael Franco, who had been head of the government since early in 1936. Discontent had been rising since March of this year when Franco set himself up as a dictator, abolished all political parties, and put Paraguayan industries under governmental control—a formula not uncommon among European nations. The faction which opposed this dictatorial regime was led by Dr. Felix Paiva, and it succeeded in ousting Franco. Paiva was proclaimed president.

Early this month, the Franco forces in Paraguay (Franco himself having fled to Argentina) attempted to overthrow the Paiva regime but were unsuccessful. Largely as a result of this revolt, Dr. Paiva

has declared martial law for two months and has assumed as dictatorial powers as those of the Franco days. However, the president has placed a time limit on his dictatorship and promises the restoration of constitutional democratic government at the end of the two months.

* * *

Great Britain: British labor has reversed one of its traditional policies by supporting overwhelmingly the government's billion-dollar war budget and general program of rearmament. Endorsement of the Conservative government's program was made by representatives of 4,000,000 British workers at the annual British Trades Union Congress. The resolution made it clear, however, that its action meant that labor favored a policy of militant pacifism, of preparedness against the undemocratic aggressor nations, such as Germany, Italy, and Japan.

In the past the Trades Union Congress has always been strongly anti-Fascist, but it has not been willing to support a policy of heavy expenditures for armaments. It has even considered the general strike as an effective method of preventing Britain from going to war. It now sees in Fascism such a great menace as to necessitate the maintenance of a strong military machine as the only means of preventing further encroachments. In addition to its support of the government's armament program, the Congress advocated an international army to be maintained by the League of Nations.

* * *

Outer Mongolia: The Japanese, in conducting their war against China, are coming dangerously close to trouble with Russia. If a serious dispute does arise, it will probably involve Outer Mongolia, nominally an independent state, but actually a state controlled by Russia. The Japanese are waiting their chance to extend their control over this region.

Russia has long seen this threat and has tried to protect her frontier by concluding a pact of nonaggression with China. Japanese claim this will mean that Russian supplies will soon be on their way to China through the northwest, and it may be for this reason that Japan has been so anxious to capture Nankow Pass. This strategic point lies on the main caravan route from Peiping to Ulan Bator, Outer Mongolia's capital city.

Very little is known about Outer Mongolia, for no railroad passes through the country, and travelers wishing to visit the land must first obtain permission from Moscow. Russian influence first became dominant in the area in 1921 when the Bolsheviks cleared Outer Mongolia of white Russians and Japanese. Since then a Mon-



COURTESY PAN AMERICAN AIRWAYS

RIO DE JANEIRO—OUTSTANDING LINK BETWEEN THE TWO AMERICAS
The new Santos Dumont Airport, on Rio's beautiful harbor, offers one of the best landing fields for planes flying between North and South America.

golian People's party has reformed the government, abolishing the ancient regime of lama priests and setting up state communism like that of Russia. Besides coal, gold, and wool, the country may have other natural resources, for it has never been thoroughly explored. Its area is about equal to that of Texas, New Mexico, Arizona, and Nevada combined, but its population is estimated at only about 767,000. The country lies in what is called the Gobi Desert, but most of the land is covered with grasses, ideal for raising sheep or cattle.

* * *

Far East: Perhaps the most significant development last week in the Sino-Japanese undeclared war was the announcement that the Chinese Communists would join with the central government of Chiang Kai-shek in a united front against the Japanese invaders. For 10 years, the Communists of China have been at war with the Nanking government. During the course of that time an estimated 100,000 lives have been lost, and large sections of China laid waste.

As the war entered its third month, it appeared that the Japanese would be frustrated in their hopes of winning a quick and decisive victory against the Chinese. In the Shanghai area, the Chinese forces held their lines. They were aided by a widespread epidemic of cholera which broke out among the Japanese soldiers. While the Japanese made certain gains in North China, they were neither spectacular nor decisive, and it was generally felt that the appearance of a Communist army of between 75,000 and 100,000 in that sector

would greatly handicap the Japanese campaign.

* * *

Germany: While most of the other nations of Europe were discussing the new Mediterranean crisis at Nyon, Switzerland, the Nazis were staging their annual spectacle of pageantry at Nuremberg. Ever since the Nazis came into power in 1933, they have held an annual party congress in the historic city in central Germany. All the party officials, from Hitler down the line, tens of thousands of party members, members of the scores of Hitler organizations, foreign diplomats, and newspapermen constitute the gigantic audience which gathers for the Nuremberg festivities.

The purpose of these annual conclaves is twofold: to fire the imagination and rekindle the enthusiasm of the German people in National Socialism, and to announce important Nazi aims and objectives. The important statement of policy this year was contained in Hitler's proclamation which was read at the opening session of the convention. In it, the German dictator acclaimed the new unity and "community of will" that have arisen between Germany and Italy and heralded the German-Japanese treaty. The alignment of these three powers is truly one of the significant developments of the last year, and its effect upon the future of Europe and the world is still incalculable.

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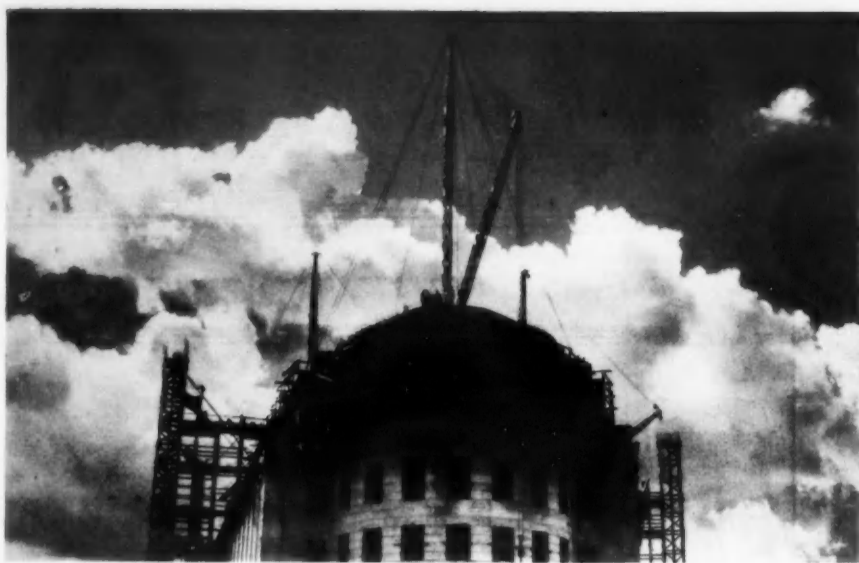
Philippines: Although the United States finds little difficulty in securing most of the essential raw materials for manufacturing, there are a few which we must obtain from foreign markets. One of these is rubber. For many years, Brazil furnished approximately 95 per cent of the world's rubber supply. Today Brazil has become an almost negligible factor in the rubber market, while the Far East has become the leading source.

Now it appears that we may be able to obtain rubber from a new area—the Philippine Islands. Recently an American rubber company announced that the islands would probably be developed as an important source of rubber. This company is experimenting with a 2,500-acre plantation in the Philippines. It reports that so far the yield is as good as it has obtained in Sumatra, an island in the Dutch East Indies, where it has a plantation of 85,000 acres. It is stated that rubber experts have pronounced the climate and other conditions existing in a great part of the lower Philippines as ideal for rubber growing.



FLAMES LIGHT THE SHANGHAI SKYLINE

Millions of dollars worth of property is consumed by flames after a terrific aerial bombardment in the current Sino-Japanese hostilities.



THE APEX OF THE GOVERNMENT TRIANGLE NEARS COMPLETION
Known as the Apex Building, this latest unit in the great federal triangle in Washington will be used to help house government records now stored in the Archives Building.

Stock Market Decline

For about a month the stock market has been sliding downhill. On two or three days, the price breaks have almost taken on "crash" proportions. Prices, on the average, have declined about a fourth during the month. Shares of the United States Steel Corporation, for example, fell from \$120 to about \$90.

This stock market break has caused many people to worry about the future of the recovery movement. Serious declines often precede business declines. Is that the case of the present unsettlement of the market?

No one can answer that question to a certainty. It seems, however, that the fall in stock prices is due largely to fear of a world war. Many people who own corporation shares fear that war may break out in Europe and that such an event would mean a collapse of the market. Hence they are selling out. When so many decide to sell, it is inevitable that prices should fall.

That, however, is not the whole story of the market's condition. There is a general feeling that, even though the recovery movement will continue, it may proceed slowly. The stock market advanced rapidly early this year, and perhaps prices went to a higher figure than they should have. It is widely felt, therefore, that some falling off of prices may be justified even though there is no further spread of fighting in Europe and no recurrence of depression here. That sentiment, together with the war scare, started prices downward, which frightened many investors, causing them to sell. When a movement of this kind gets under way, whether it is a movement upward or downward, it is likely to go farther than is justified by the actual conditions.

Unions Grow

When it became clear that the American Federation of Labor and the Committee for Industrial Organization would not be able to patch up their differences, many predicted that this split would greatly weaken labor and that neither Mr. Green's craft unionists nor Mr. Lewis' industrial unionists would be able to attract new members. However, the coming of industrial recovery and the Supreme Court's decisions upholding the Wagner Act have more than compensated for the weakening effect of division. Today the A. F. of L. claims a membership of 3,600,000, which is more than equal to what its total membership was in the days when the mine workers, the clothing workers, and others, now gone with the C. I. O., were still included. New members have more than offset the loss.

On the other hand, the C. I. O. claims 3,700,000 members, made up mostly of the mine workers, the clothing workers, and the new big unions of automobile and steel workers. The C. I. O. is also adding to its membership not only national unions—that is, unions organized by industries—but also state councils in which all C. I. O. unions within the territory have representation. Recently the West Virginia State Federation of Labor was expelled from the A. F. of L., and it soon changed its name and affiliated with C. I. O.

In Wisconsin, Montana, Arkansas, and Oklahoma, the C. I. O. also has state union councils, but nowhere does such an organization represent an overwhelming majority of all union men as is the case in West Virginia, where the mine workers are strong.

If both these estimates of union membership are correct, there are now some 7,300,000 unionists in the country, the highest figure ever recorded. That would mean that about one out of every six persons gainfully employed in the United States is a union member.

War on Crime

Last week the magazine *This Week* carried the first of a series of articles by J. Edgar Hoover, chief of the "G-men" of the Federal Bureau of Investigation. Mr. Hoover is writing the articles in an attempt to combat the crime problem, "to point out specific cures



WILL THEY SWAP RAIMENT?
FREEMAN IN NEWARK EVENING NEWS

and treatments." In discussing the seriousness of crime in the United States, he says:

If America were menaced by an army larger than the total manpower we threw into the World War, that danger would wipe out all thought of everything except self-protection. Nevertheless, this is exactly the condition that exists today. Three out of every four persons in the nation are potential victims of crime—and the problem of self-defense thus becomes tremendously important.

Mr. Hoover gives some alarming statistics on crime—its total cost is \$15 billion a year; every year 600,000 persons are committed to our city and county jails; if the criminals of the nation were concentrated in one spot, they would make up a metropolis larger than any city in the nation except New York.

What can be done about it? The first step,

says Mr. Hoover, is to create a demand for law enforcement. He writes:

Law enforcement in any community can be only as effective as the citizens in that community demand. The first line of defense against this huge army of crime is the local law-enforcement agency. There is no place in America for a national police. The ultimate responsibility must rest on each community, with the federal forces bulwarking the local forces when local criminals engage in interstate crime.

Mr. McGrady Resigns

The government lost one of its ablest administrators recently when Edward F. McGrady resigned as assistant secretary of labor to take a position as director of labor relations for RCA, the Radio Corporation of America. As assistant to General Hugh Johnson, Mr. McGrady played an important part in running the NRA. For four years he has been the chief conciliator for the federal government in labor troubles. He has the ability to bring employers and employees together when no one else can make either group listen to reason, and because of that his work in the department has been invaluable to the administration.

Mr. McGrady resigned with the understanding that his special services will always be available to the government when they are needed. President Roosevelt has placed great reliance on him in the past, and it would not be strange if the President called on him again should a critical situation develop requiring his special talents.

Housing Act at Work

The \$500 million fund which the federal government plans to lend to state and local housing authorities to construct low-rent housing projects will soon be available. The Department of the Interior, under which the Federal Housing Authority will operate, is organizing the machinery for the loans, so that when President Roosevelt appoints an administrator for the FHA, the program can begin immediately.

At the present time, there are 30 states which have housing authorities eligible to borrow money from the FHA. The other 18 states will have to create such authorities before they can take advantage of the housing plan. There are, besides the state agencies, many city and county authorities which are also eligible for the loans.

These local authorities must make plans for the projects in their communities, then present the plans to the FHA for approval. If the project meets the requirements laid down by the FHA, the local authority receives a loan to construct the houses. After the project is built, the FHA may make annual contributions to keep the rents low. Thus houses which would normally rent for \$40 a month may rent for \$25 because the FHA contributes enough to make up the difference. By this method the houses will be placed within reach of the families in the lowest income groups.

Bales and Bushels

Sixteen million bales of cotton are growing in the United States this year, estimates the Government Crop Reporting Board. Although cotton growers and buyers knew that a bumper crop was in the field, the government estimate, which has been very accurate in the past, gives them a definite figure on which to

base their trading. Predicting the size of farm crops is the business of the board; its recent estimates were based on the crop situation of September 1.

Nearly all farm crops will be considerably larger this year than they have been in the last five years. The wheat crop will total about 885 million bushels, almost 50 per cent more than the average for the last four years. The drought in Nebraska killed 100 million bushels of corn, but the government still predicts a crop of two and one-half billion bushels, which is an increase of 66 per cent over last year. Soybeans, rye, rice, sugar, and tobacco will all have good crop totals. The only shortage reported is in feed crops and pasture land, due to the drought during the late summer.



YOUNG VISITORS FROM FOREIGN LANDS
Girl Scouts from many different countries came to the United States recently to attend a Girl Scout Jubilee. Here they are seen looking down on New York from the tower of the Empire State Building.

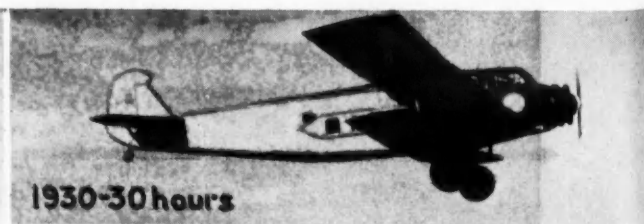
Big crops and good prices mean more money for the farmers—\$1,135,000 more in 1937 than in 1936, according to figures by the Department of Agriculture.

Made in Czechoslovakia

If negotiations proceed smoothly next November, the United States and Czechoslovakia will conclude a trade agreement, similar to the 16 others already in force under the reciprocal trade agreement program. Right now, American manufacturers, importers, and exporters are presenting to the Department of State their arguments for or against the proposed agreement.

One of Czechoslovakia's greatest exports is cemented shoes; in fact, in this kind of shoe production, the Czech manufacturer, Bata, dominates world production. Bata does not employ skilled workmen in his factories; he takes a few craftsmen as teachers and for the rest employs apprentices at lower wages. He is strongly opposed to trade unions and has been aggressive in extending his factories and his export trade. Because most countries have high tariffs and quotas, Bata has even gone so far as to set up factories in ten countries besides Czechoslovakia.

In the United States, he has bought about 200 acres of land in Belcamp, Maryland, where he threatens to open an American factory—far from the unions organized in our



SEPTEMBER MARKS THE TENTH
These pictures show the remarkable transformation of equipment and speed of coast-to-coast flight. In the last decade flying

the United States

Doing, Saying, and Thinking

New England shoe industry. This may be only a threat, designed to bring about a tariff reduction on the part of the American government; but he has actually opened a chain of retail stores in Illinois, and he is opening another chain in Wisconsin, where imported shoes will be sold.

A Star Is Born

There are few 14-year-olds who could climb to fame as dramatically as has Deanna Durbin without thinking that they had really done something. Yet little Miss Durbin "is not at all impressed with herself as a Hollywood personage, and she is not too impressed with the rest of the cinema Samurai," says the New



COURTESY RKO KEITH'S THEATRE, WASH., D.C.
ONE HUNDRED MEN AND A GIRL

Is the title of the new motion picture which brings 14-year-old Deanna Durbin, singing sensation, to stardom. Miss Durbin's voice and acting abilities are being widely acclaimed.

York Times. In fact, she seems to be more proud of the fact that she served as cashier in the cafeteria at Bret Harte High School, Los Angeles, without losing a nickel of the \$15-a-day proceeds, than that her soprano voice has been acclaimed by Lily Pons, Grace Moore, and Eddie Cantor.

Miss Durbin scored her first film success in "Three Smart Girls," and followed that recently with "100 Men and a Girl." She was overawed at the thought of playing in a picture with Leopold Stokowski, the famous orchestra leader, but when asked if she would like to have Clark Gable for a leading man, she replied that "the choice of a leading man depends on whether or not he is suitable for the role."

Although she was born in Winnipeg, Canada, Miss Durbin was brought to Los Angeles when she was only one year old. She grew up in the realm of sudden fame, which may account for the nonchalant air with which she accepts her good fortune. She has studied singing and acting for years, and has already decided that she will probably never marry, but will devote her life to her career!

More Power for TVA

The TVA has just celebrated the completion of Wheeler Dam, third of a series of dams constructed, owned, and operated by the federal government in the valley of the Ten-

nessee River. Besides offering electric power at low cost, Wheeler Dam will help make the river navigable, it will protect the valley from flood, and as a by-product, farmers will be furnished with cheap fertilizer.

Of the two other dams already operating, Wilson Dam, 15 miles downstream at Muscle Shoals, Alabama, was constructed by the government during the World War, chiefly to produce the nitrates needed for munitions. Norris Dam is upstream, and its main function is to hold back the headwaters of the Clinch River, one of the tributaries of the Tennessee.

The government's program at Wilson Dam has already been upheld by the Supreme Court, by a decision given in February 1936, but this case did not decide the main question, that is, can TVA power be sold in competition with power from privately owned companies already serving a community with electricity? This fall, the leading case on this question will be tried before Judge John J. Gore, federal judge of the eastern Tennessee district. This time, if Judge Gore (with two additional judges), finds the Tennessee Valley Act unconstitutional, the case will be appealed directly to the Supreme Court, as provided in the new judiciary law of 1937. Since its whole power program depends on the Supreme Court's decision, this case will become a landmark in federal policy, regardless of its outcome.

Veteran Pensions

Within the next year or two, Congress may again have to face the problem of pensions for World War veterans. Recently the House of Representatives passed a bill which would grant pensions of \$60 a month to veterans of the Spanish-American War after they reach the age of 65. When the bill was passed, representatives opposed to it predicted that it would be only a matter of time until the powerful organizations of World War veterans would be asking for the same pensions. They estimate that such a pension plan would cost the government 20 billion dollars by 1996, as there are nearly 4 million surviving veterans of the World War.

Government records show that the United States has paid 22 billion dollars to veterans of wars ranging from the Revolutionary War to the World War. There are more than 594,000 veterans receiving active pensions and compensations, and more than 316,000 dependents of deceased veterans on the monthly benefit list. The Veterans Administration is caring for 57,265 veterans and dependents in hospitals and sanitariums at the present. In 1935 Congress overrode the President's veto and issued certificates which were redeemable in cash at any time to World War veterans in payment of a bonus. Three and one-half billion dollars have already been paid from the treasury to redeem these certificates.

Scrap Iron

Tons of scrap iron—old cars, rusty machinery, worn-out railroad engines, and sewing machines—from the junk heaps of the United States are being shipped in larger and larger quantities to foreign nations. More than two million tons left the United States during the first six months of this year, more than twice as much as was shipped out last year during the same time. Japan is our best customer for scrap iron, taking more than half of the total exported. She is converting this scrap into guns and other war equipment.



FROM ILLUSTRATIONS IN "OUR COAST GUARD"

ROUTINE WORK FOR THE COAST GUARD

On the left a United States Coast Guard cutter plays its part in the International Ice Patrol in the North Atlantic, watching and reporting on the drift of icebergs. On the right a Coast Guard plane drops a warning signal to inform fishermen off the Florida coast of an approaching hurricane.

NEW BOOKS

FOR the past several years I have been reading newspaper accounts and magazine articles describing the problems of share-croppers in the South. But I did not realize that I knew so little about these people until I had read "The Share-Cropper," by Charlie May Simon (New York: E. P. Dutton & Company. \$2.50). This is Miss Simon's first novel, and it appealed to me in several ways.

I like a novel which deals with a situation that is interesting to its very finish. In "The Share-Cropper" you will find the story of three generations in the Bradley family, all of them struggling year after year with small cotton patches to make a meager living. You will wonder how these people can keep their



FROM A WOODCUT BY HOWARD SIMON FOR THE JACKET OF "THE SHARE-CROPPER"

heads up through one misfortune after another. They are forced to borrow money at high rates of interest; they feel that they are beginning to free themselves of debt when a big flood wipes out their crops and their little homes; and they suffer horsewhipping and eviction from their land when they attempt to organize themselves and force their landlords to ease their burdens.

It is a worthwhile novel aside from its plot. By this, I mean that it will touch your emotions. I did not feel calm and undisturbed after finishing "The Share-Cropper." Instead, I felt sorry for these people. I felt that they were putting up a good fight in the face of every discouragement; that they deserved sympathy for the injustices which they suffered. It is a book which will put life into otherwise

dry facts about cotton-raising in the South. It will help to dramatize for the public a situation which undoubtedly calls for remedy, if indeed a remedy can be found.

YOU probably get a great deal of satisfaction in discovering a nonfiction book which both instructs and entertains you. I found such a book when I read "Our Coast Guard," by Evan J. David (New York: D. Appleton-Century Company. \$2). The United States Coast Guard is a branch of the government service which most of us hear about only occasionally. We read a news story telling that the coast guardsmen have saved the lives of passengers and sailors on a wrecked ship, but we are for the most part ignorant of the many duties which these men are continually performing.

Mr. David, a newspaperman, has written an account of these activities in a style which makes the book seem almost like a novel. He follows the guardsmen as they battle liquor-smugglers, capture narcotics agents, and perform errands of mercy in times of epidemics. There is fast action in the stories of raging storms and ship rescues. If you think that these tales sound like fiction when you read the book, you can find the records of the coast guard in Washington which will prove that the exploits actually happened.

Some of you will be especially interested in the chapter which deals with the coast guard as a career. You may be attracted by the adventurous lives which the guardsmen lead the year round as they fulfil their duties in patrolling the seas, rescuing sailors, carrying serum, and tracking down criminals.

SOMEDAY I hope to visit England and meet the young people there. I should like to become acquainted with their ways of living and their schools. But until I can take this trip, I find that reading novels is a good way to travel. The other day, I took a little jaunt over there with Alice Grant Rosman by reading her new novel, "Truth to Tell" (New York: G. P. Putnam's Sons. \$2). The most interesting people I met were Malcolm Dubenny and his sister Susan.

Malcolm and Sue were born during the time of the World War. Both their father and their mother died during the influenza epidemic, and the children were separated. Malcolm was taken to be reared by his aunt and his uncle, Hugh and Lorna Lowell, while Sue lived with her grandparents, the Somervilles. These grandparents were a little intolerant, I thought, because they would not permit the children to visit each other. Their daughter had married a man whom they did not like, and they believed that little Malcolm would resemble his father.

You will like this story because it follows Malcolm and Sue as they grow up. Sue has the more difficult time, because her grandparents do not understand her. She reasons out her own problems, and finally develops into a young woman with a balanced, self-reliant nature. She and Malcolm finally are reunited. I grew to like old Grandfather Somerville better, but I felt sorry that he had a wife like Charlotte.

J. H. A.



1933-20 hours

1937-15 hours

ANNIVERSARY OF COAST-TO-COAST AIR MAIL

flying across the continent has been reduced from single-engine plane schedules of 33 hours with 14 stops to 15 hours and three stops.

PHOTO BY GRIGNON, COURTESY UNITED AIR LINES

NLRB Seeks to Govern Relations Between Employers and Unions

OF ALL the types of organizations which exist in America today—clubs, farm groups, or trade associations of various kinds—certainly more has been heard, this year, about trade unions than about any other form of organization except the government itself. A split has occurred between those workers who believe in industrial unionism and those who, because of the skills they have learned, favor unionism along craft lines. But in spite of this rift, the total number of unionists is rising rapidly.

Labor Relations Act

The right of workers to join unions has long been recognized by the federal government, but with the exception of railroad workers, up to 1935 no way of protecting the unions had been devised by Congress. The reason for this is that in the past, regulation of manufacturing has been considered to be a power reserved to the states. Under NRA, protection of unions was one of the aims which the government at Washington sought to accomplish, but the Supreme Court put an end to that experiment in 1935.

The next attempt was more modest: instead of protecting all workers, the Wagner Labor Relations Act was so drafted as to apply only to those employed by industries "in interstate commerce." Just which these would be was not fixed by law, but the board that came into existence under the law was careful to handle only those complaints which came from industries like automobile manufacture, steel making, and clothing manufacture, where it seemed most obvious that the business was in fact interstate in character.

As a result of this care in drafting and enforcing the law, the Supreme Court on April 12, 1937, upheld the constitutionality of the Wagner Act. That ended all uncertainty as to the power of the federal government to protect workers in big manufacturing industries, and that decision also meant that the National Labor Relations Board (NLRB) has become a permanent part of the national government.

Suppose a union man has been dismissed, and his fellow workers believe that this was done in order to discourage unionism. Or take a case in which an independent union is having difficulty in surviving against the competition of some "workers' club," sponsored and financed by the employer. Or union members may be threatened with violence by company police, or the employer may refuse to discuss wages and hours with representatives of the union. Any of these conditions is a violation of the Wagner Act and is reason enough for a union to appeal to the NLRB.

How It Works

The way in which the NLRB protects unions is fairly simple; these unfair labor practices are forbidden in the Wagner Act, and it is provided that unions may bring cases of alleged use of these tactics before the board. Then, after investigation, either the board itself or one of the so-called trial examiners who are connected with each of the board's 21 regional offices may try and decide the case. The trial examiners always try to bring about informal settlement;

failing this, the case may be appealed to the national board, made up of three men appointed by the President for a term of five years. A "cease-and-desist" order will then be served on any employer found guilty, and the board may apply to the federal courts for enforcement. The employer may also apply to the courts for a review of the way in which the law was applied.

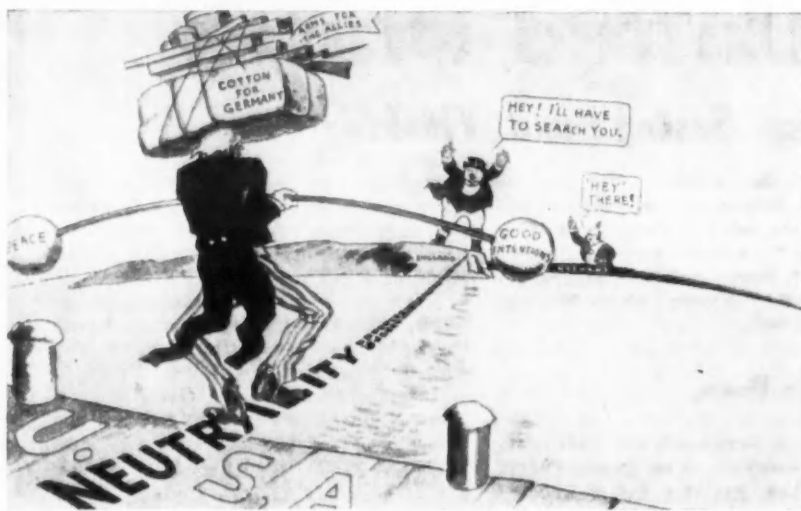
Of course, if all cases went through this long process before a settlement were reached, the board and the courts would be swamped with work. As it happens, out of 3,824 cases which have been closed, almost half were settled by the decision of the trial examiner, while in about a third of all cases the differences were settled informally.

The board also has another function. At the request of any union, it holds elections among the workers in an industry to determine which, if any, union controls a majority of the workers. For the Wagner Act provides that the union controlling a majority shall be the only one authorized to bargain with employers and sign agreements. In some cases, new rival organizations have sprung up, challenging the supremacy of an old established union. Other elections involve contests between unions originally sponsored by employers and unions affiliated with national organizations.

Since the board decides on the unit of territory and the kind of workers to be included in each election, indirectly it may decide whether craft, company, or industrial unionists will win the election. The board has been severely criticized by the A. F. of L. for having decided on units including men of many different crafts, so that the C. I. O. has often been able to win, even where all the men of one craft were already organized into an A. F. of L. union. Altogether, 492 elections have been held since 1935; of these, 365 were held between April and August of 1937.

After the Supreme Court decisions of last April, the cases of unfair practices brought before the board also increased in number. Cases received in April numbered 477, in May 1,064, in June 1,284, in July 1,343. This picture is very different from that of industrial peace which the Wagner Act was supposed to bring. What is happening is this: The business of organizing unions is having a boom. Among rival labor leaders, there is a scramble to get as many as possible of the new members. Some employers, on the other hand, refuse to countenance the growth of unions and still refuse to deal with the unions.

Part of this resentment on the part of employers has been caused by a feeling that the Wagner Act makes it impossible for employers to get fair treatment from the board. Under the act, employers are required to observe fair practices, but unions may terrorize nonunion workers or they may bring work to a standstill by carrying on interunion warfare. Against this kind of activity employers have no protection, for only a union may appeal to the board. For this reason, the Wagner Act may be amended during the coming session of Congress; if not, at least the board will probably adopt a more neutral stand than it has in the past. Now that the principle has been established, it remains to work out better application.



A CARTOON ON AMERICAN NEUTRALITY DURING THE WORLD WAR

Historical Backgrounds

By David S. Muzzey and Paul D. Miller

The World War and U. S. Business

AS THE clouds of war darken simultaneously the skies of the East and West, the student of history frequently turns to the World War to inquire into its effects upon American business. It is often said, for example, that the war wrought such severe economic dislocations that the world has never yet recovered. Let us briefly examine some of these effects and tie them to certain postwar developments.

That the World War produced a period of prosperity to American industry is an indisputable fact. All economic groups did not share in this prosperity, to be sure. The cotton farmers, for example, suffered great losses, for at the outbreak of the war they were prepared to sell a record crop at fairly high prices. When it became impossible to sell to Germany, their second best customer, they were faced with disaster. During the five years following the outbreak of the war, the world consumed 6,000,000 bales of American cotton less than it had consumed during the five-year prewar period. The same was true of the American industries which furnished luxury articles to the belligerent nations, as this market was almost completely lost during and immediately following the war.

War Prosperity

But to American industry as a whole, the World War proved an immediate blessing. Until the middle of 1915, the United States was in the throes of an economic depression. By that time, however, the warring nations had begun to exhaust their supplies of materials and turned to the United States. War orders started the country upon a great boom, which lasted until the end of 1918. There was a slight recession until the middle of the next year, when another boom swept the country, lasting until the middle of 1920. Not only did the United States furnish the belligerent nations with needed agricultural and industrial products, but it also stepped into many of the neutral markets previously supplied by the warring powers.

If the American cotton farmer was thrown into poverty and misery, such was not the case for the wheat farmer. Wheat rose from 77 cents a bushel in 1913 to \$2 in 1918; corn from 75 cents to \$1.59; hogs from \$7.68 per hundredweight to \$17.50. The abnormal demand for food caused the American farmer to produce more than ever before. Land not ordinarily suited to production was cultivated at a profit.

On the industrial front there was a similar prosperity. Beginning with the gigantic Allied orders for steel and munitions, and spreading to other industries, production was pushed to the limit. Old factories were remodeled and opened and new factories had to be built overnight to fill the orders. The value of manufactured goods

nearly trebled between 1914 and 1919. New shipyards sprang up like mushrooms, increasing from 61 in 1917 to 341 by the end of the war.

Mechanical invention moved forward during the war years as it had never done before in our history. Labor-saving machinery was installed to make increased production possible. By the use of improved machinery in agriculture, manufacturing, and mining, we were able to increase production and at the same time to reduce the number of workers. Of the profits



DAVID S. MUZZEY

made from the inflated war trade many were reinvested for the purpose of expanding plants and factories to make greater production possible.

Long-Range Effects

However beneficial the immediate effects of the World War may have been upon American business and industry, the long-range consequences were in no sense so encouraging. American agriculture and industry had been geared to supply an abnormally large market, both in the increased demand of the United States for its war needs and the demand of the Allied nations. This expanded market collapsed shortly after the war, and the economic machine went into one of its periodic tailspins. While the capacity to produce goods had greatly increased, the capacity to consume failed to keep pace. The total income of the American people was insufficient to absorb all that could be produced, and Europe was unable to absorb the surplus because it had, in the first place, bought the surplus goods by borrowing the money from the United States government and the American people.

American agriculture has never fully recovered from the dislocations caused by the World War. Nor has economic stability been restored to industry in general. During the postwar decade, the economic machine was kept running through artificial devices. Credit, largely in the form of installment purchases, enabled domestic consumers to absorb more goods than they could otherwise have bought. Likewise the flow of foreign trade continued until 1929 solely because foreigners were able to borrow sufficient money in this country to pay for their purchases of American goods. A noted economist accurately sizes up the consequences of the World War when he declares: "Of the checks which economic progress has suffered since the Industrial Revolution began, the gravest was inflicted by the war of 1914-1918."



THE NATIONAL LABOR RELATIONS BOARD

Left to right: Donald W. Smith; Chairman J. Warren Madden; and Edwin M. Smith.



TALKING THINGS OVER

The foreign policy of the United States. Should we retain or abandon our isolation policy? Can the American people keep out of another world war?

The nations of Europe and Asia appear dangerously near the brink of a war which might easily become world-wide in scope. What should be the American policy in the face of such an imminent crisis? That is by far the most important problem confronting Americans today. We shall discuss different aspects of it from time to time in THE AMERICAN OBSERVER. This week we consider several different points of view, each one expressed by an imaginary character, the three characters being designated as John, Charles, and Mary. No conclusion is reached in the discussion which goes on among these characters. We recommend that the issues they raise be discussed and debated by the readers of this paper to the end that opinions might be clarified.

John: I have noticed a good deal of criticism lately of President Roosevelt's Far Eastern policy, and I must say that I am in sympathy with it. I don't like the attitude he has adopted toward Americans who are in the Chinese war zone. The administration's policy, as I understand it, is that our government will not protect these American citizens. It warns them to get out of the danger zone or else stay at their own risk. Neither will our government do anything to protect American property in China. If our property is destroyed or Americans lose their lives, we wash our hands of the whole thing. That seems to me to be a very weak policy. In times past our government has not acted in that way. We have held to the principle that Americans should be protected wherever they are.

Charles: What other policy could we adopt? We should, of course, do all that we can to get Americans out of the danger zone in case of a foreign war. Our government has been doing that and continues to do so, but that is about as far as we can go. If our citizens insist upon staying where there is danger, it would be foolish for us to go to war and sacrifice the lives of hundreds of thousands of our people simply because a few Americans stayed in the war zones and got hurt.

Mary: But, of course, some of the Americans who are in Shanghai would like to get out but cannot. What if they should be killed?

Charles: That would be too bad. We would be very sorry, but there is nothing we could do about it any more than we can prevent Americans from being killed on our own streets in automobile accidents. It isn't anything we should go to war about. In my opinion, it should be our policy to stay out of other people's wars absolutely.

John: Do you think, then, that the United States should stay out and let Japan win the war over China, even if that meant that we should lose the trade we have with China?

Charles: Would it mean that?

John: I think it might. If the Japanese win this war, they will gain a dominance over China and will pass tariff laws making it almost impossible for other countries to get much of the Chinese trade. They will get it for themselves. They have practically closed the door to American investors in Manchuria since they took that region over, and as a result our trade with Manchuria is now falling off. It will be the same thing throughout China if the Japanese take that country. It seems to me that America should fight if necessary, not only to protect her citizens abroad but also to protect her trade.

Charles: That, it seems to me, would be a very poor policy. Last year we sold only \$47 million worth of goods to the Chinese. It helped our producers a little bit to sell that much to China, but that small amount of business couldn't affect the American nation very much. If we went to war to protect this trade, we would spend billions and billions of dollars. The World War cost us \$50 billion. If you want to look at it in terms of dollars and cents, it would be a very bad policy to spend billions of dol-

lars to save a few millions. It is an even worse policy when we would probably be obliged to sacrifice the lives of hundreds of thousands of our people. For let it be remembered that if we should get into war with Japan, the war would probably spread until we would find ourselves involved with other nations.

John: Your idea, then, is that we should have "peace at any price"?

Charles: At least I wouldn't have war if the price were \$50 billion and 360,000 men, killed or wounded, which was the price of the World War. At least I wouldn't do it unless I was pretty sure that we were going to gain something worth that much. Certainly the World War wasn't worth it, and I don't believe that a war over our Far Eastern business would be.

Mary: I agree with Charles that we shouldn't go to war for the immediate purpose of protecting our trade or of saving our investment in some foreign country. I am not sure, however, but that we should join the other democratic nations in trying to stop the aggressions of nations like Japan, even though we would have to go to war to do it. If the autocratic countries, Japan, Germany, and Italy, are allowed to go ahead invading neighboring territories and crushing neighboring peoples, where will they stop? Their aggressions will go on until they have become intolerable. Then the nations which care for peace and order in the world will be obliged to act, and by that time it may be too late.

I am for peace as much as you are, Charles, but I doubt whether it will be possible for the democratic peoples to enjoy peace and security unless something is done to stop the ruthless aggressions of the autocratic nations. If these nations go ahead arming themselves to the teeth and crushing the life out of weaker countries, the democratic nations will have to be on guard. They, too, will have to arm to the teeth, and the burden of armaments will crush us all. It seems probable to me that a conflict between the democracies and the dictatorships is inevitable and that, knowing this, the democracies, including America, should form themselves into an alliance and stand out against ruthless attacks upon any nation.

Charles: That sounds very much like the arguments which were used in 1917. We said then that we were going to war to make the world safe for democracy. We were going to put a check to militarism and aggression. We went into the war, and we and the other democratic nations won

it. But what good did it do us? Twenty years have passed, and now the world is back in as bad shape as it ever was, and even much worse.

The trouble was that we didn't follow up the victory which we won in the World War. We said when we went in that we had a vital interest in the way things were going in Europe and Asia. We said that we could not stand back and see the democracies crushed, that we must be on their side as against autocratic militarism. But when the war was over, we turned squarely around and said we had no vital national interest in the way things were going in Europe and Asia. We refused to take any part in the diplomatic arrangements which were made. We stood entirely aloof while war clouds gathered again. My point is that if we aren't going to stand with the democratic nations during peacetime and help them create a secure world order, we should not jump into the fray when war comes.

Mary: I agree with part of what you say. We should have cooperated more closely with the other nations during the 1920's. We should have been in the League of Nations, working all the time to nip aggressions in the bud. If our influence had been thrown with that of the democratic nations all during the years since the World War, it is probable that the Japanese violation of Manchuria and the Italian conquest of Ethiopia would not have occurred. Germany could have been kept from arming as she has done, if the influence of the United States had all the time been ranged along with that of Britain and France. But because we made a mistake in the past, does not mean that we should make another one now. If Germany and Italy and Japan are unchecked, they will precipitate a world war, and the United States will eventually become involved. If these nations know in advance, however, that the United States is standing with the British and French, they will probably not dare to start a war, especially inasmuch as they know that Russia would almost certainly line up against them too. There is a chance, therefore, that we could prevent a world war by lining up certainly and solidly now with the countries that we would be obliged to line up with anyhow if a war should occur; and the place to start it is with Japan.

John: I don't agree with either of you. If a world war breaks out, I think the United States should keep out of it. We can't be sure that we'd be helping democracy by lining up with Great Britain and France. How do you know that if they did get into a war they would be democracies by the time they came out? Probably in the stress of war they would turn fascist. On the other hand, it is possible that in the stress of war, the Italians and Germans might change their form of government and become more democratic. We can't be sure enough about it to know that it would pay us to mix up in conflicts that do not immediately concern us.

Charles: A while ago, John, you were insisting that the United States should take strong action in the Far East. Now you are advocating peace. Have you changed your mind?

John: No, I still think that the United States



WHY ISN'T THERE A BOOK ON THIS?

HERBLOCK FOR NEA SERVICE

should go to war whenever it is necessary to protect her national interests. But I wouldn't line up with other nations to pull their chestnuts out of the fire.

Mary: We should continue this discussion at some other time. The issues we have discussed here are the most important which confront the American people today, and we should give them further thought when we have more time to talk about them.

Your Vocabulary

Do you know the meaning of the italicized words in the following sentences? He has *plutocratic* aspirations. The issue has not yet *crystallized*. The *inexorable* forces keep rolling toward war. What a *paradox* we find here! Italy was *irked* by Russia's accusations. The Japanese are running *rampant* over North China. The war is *ostensibly* one of self-protection. The Japanese hope to *throttle* China's democracy. The government's program was surprisingly *inept*.

If you resort to the dictionary to find the meaning of these words, be sure to check your pronunciation of them, too. All these words came from a single copy of The Emporia (Kansas) Gazette.

PRONUNCIATIONS: Rafael Franco (rah-fah-el' frahn'ko), Lazaro Cardenas (lah'sah-ro kar'day-nas), Nyon (nee'on—o as in go), Lausanne (loh-zahn'), Montreux (mon-tru'—u as in burn), Morges (mor'zu—z as in azure, u as in burn), Paiva (pi'va—i as in ice).

SOMETHING TO THINK ABOUT

1. How has the position of the cotton farmer changed since the close of the World War? Do you think the effect of these changes will be temporary or permanent?
2. Would you favor a program of crop restriction as a means of solving the problems of the cotton South? Why?
3. Why, in your opinion, did Russia bluntly accuse Italy of being responsible for the piratical submarine attacks in the Mediterranean?
4. Why has England taken a more decisive stand in the case of the pirate submarines than previously in the Spanish civil war?
5. Do you consider the World War to have had permanently good effects upon American business? Why?
6. How must the National Labor Relations Board deal with John L. Lewis' Committee for Industrial Organization (C. I. O.)?
7. Which industry of Mexico is now being deeply affected by policies of the Cardenas government?
8. How do you account for the recent decline of prices on the New York Stock Exchange?
9. If you were responsible for American foreign policy, which of the three courses advocated on this page would you adopt?



INNOCENTS ABROAD

SHREVEPORT JOURNAL

The South Faces Falling Cotton Prices

(Concluded from page 1)



HAND IT UP OR HELP HIM DOWN
KNOX IN MEMPHIS COMMERCIAL APPEAL

the South alone who suffer from the falling prices of their crop. If they have less money to spend, business will be poor in their towns. The automobile manufacturers of the North will find their orders for new cars declining. Manufacturers all over the country will suffer with the loss of southern business. Fewer laborers will be required in mills and factories everywhere. No section of the country can suffer heavy loss without to some extent sharing its suffering with the whole nation.

The situation is more serious in the South because the condition has become chronic. It is not merely that production and consumption of cotton are out of balance this year. There has been something wrong for a good many years, and the condition has been acute since 1929.

Before the economic collapse of 1929, the cotton growers of the United States were producing around 15 million bales a year. About 7 million bales of this were being bought and used in the United States and the rest was being purchased by foreigners. After the onset of the depression, the consumption of cotton in the United States fell off. But that was not the whole story. The foreign demand for American cotton also fell off. This was not due to the depression. It was not due to the fact that foreigners were using less cotton on the whole than they had used before. The trouble was that they were not buying so much of it from the United States. Cotton production increased rapidly in Brazil, India, China, Egypt, Russia, and several other places. In 1929 about 60 per cent of all the cotton consumed in the world was American cotton. By 1935 only 40 per cent of the cotton used in the world was grown in America. Sixty per cent of it was cotton produced elsewhere. The American producers of cotton, therefore, during the years following 1929, were losing their foreign market to foreign competition. They have not regained that foreign market, nor is there any present prospect that they will regain it.

Tariff Effects

What, then, is to be done about it? That question gets us to the heart of the cotton problem. If we knew to a certainty the cause of the decline of our exports, we could feel safe in proposing a remedy. But we do not know to a certainty. We know that many of the owners of cotton mills and factories in foreign nations who had been buying the raw cotton for their mills from the United States began a few years ago to buy their raw material from Brazil or Egypt or India or somewhere else. Why did they do it? Peter Molyneux, who has been widely quoted as an authority on the cotton problem, says that foreign buyers were driven away from the United States by our tariff policy. He says that we



PICKING TIME IN THE LAND OF COTTON

erected high tariff barriers against goods which the foreigners produced and wished to sell to Americans. This prevented their making the sales. It cut down the quantity of goods which people living abroad could sell to Americans. Since these people could not sell to us, they could not buy

from us. There was no way by which they could obtain American money to buy American goods. There are some who deny this argument, but it has made a deep impression upon opinion in America. As a result of such arguments as these, there has been a marked change in attitude toward tariff policy during recent years. Republicans and Democrats alike have called for a considerable revision of the nation's tariff policy in order to make it in harmony with these conditions.

If the tariff is the cause of the loss of our foreign cotton market, might the market be restored if we changed that policy? Secretary of State Cordell Hull thinks that a change would be beneficial, and he is negotiating trade treaties with foreign nations. These treaties provide for a lowering of the tariff rates on certain kinds of goods produced by foreigners in return for a lowering of their tariff rates against certain brands of American goods. He hopes in this way to increase the volume of foreign trade and make it easier for foreigners to buy our exports.

This reciprocal trade policy has the support of many of the leaders of both our political parties. Few believe, however, that the plan will result in any considerable foreign demand for cotton within a short time. As a matter of fact, now that there has been such an increase in the production

of cotton in many parts of the world, and now that so many foreign users of cotton have got into the habit of securing their raw material from these new sources, it will be very hard to win the market back.

Another remedy for the surplus situation which threatens to depress prices is to cut down production. The argument for such a plan, briefly stated, is this: "Americans cannot sell as much cotton as they have been producing. They might as well look facts in the face and admit this. Since they cannot sell so much, they should not produce so much. Hence the thing to do is to cut down the acreage planted to cotton."

Farm Board

An attempt was made to put this plan into effect early in the period of the depression. During the Hoover administration, the Farm Board recommended strongly that every third row of cotton then growing be plowed up. This advice was not taken by the southern cotton farmers. After the Roosevelt administration came into power, however, the crop production plan was actually put into effect. The government paid the farmers to reduce their acreage. The payments made by the government to the farmers put money into their pockets and considerably improved their situation. Production was also cut and prices rose. The Agricultural Adjustment Administration, which was the agency through which this crop production plan was put into effect, was declared unconstitutional, however, by the United States Supreme Court. Later, production again rose, until this year we have the



ONE BOTTLE WILL DO IT!
ELDERMAN IN WASHINGTON POST

enormous yield of over 16 million bales.

It is now proposed that crop restriction be put into effect again. A plan to curtail the production of cotton and probably certain other crops will be brought forward as soon as Congress convenes again.

There is a difference of opinion as to whether this is good policy. It helped the distressed farmers by giving them ready money, but it was money which came out of the pockets of other Americans. The policy also raised prices, but the higher prices were obtained on a smaller output. Many argue that while this plan may relieve immediate distress, it does not look in the direction of a permanent solution of the cotton problem. If it raises cotton prices above the world price for cotton, it is said, it will be even harder for the foreigners to buy our cotton than it has been before. If our cotton prices are pushed above the prices which prevail in other cotton-producing areas, the foreign mills and factories will get their raw materials elsewhere and we will lose even more of our foreign market.

The Real Reason

The reply is, of course, that we were losing our foreign market before the crop restriction plan was put into effect, that the farmers cannot sell as much as they are producing, and that in order to relieve their present distress we must do something to cut down production.

It certainly will not be a happy situation if the farmers of the southern states are obliged to cut down the crop upon which they have depended so greatly in the past and if they put nothing else in its place. If they are to raise less cotton, they must raise more of other things. Otherwise, the region will decline in prosperity. There is an effort, therefore, to bring about a more diversified agriculture. The Tennessee Valley Authority, for example, is conducting experiments to show how, in the region which it serves, other products may be grown. It is trying to show the farmers how they may successfully produce their own beef and pork and vegetables and fruit. They can put some of their land to use in such a way as to improve their standards of living.

It is always a serious thing when a large section of the country is called upon quite suddenly to make a drastic change in its manner of making a living. That is the situation which has developed in the South. It has also developed in other parts of the country. What has happened to the cotton growers of the South has happened in a scarcely less degree to the wheat farmers of the West. We have discussed the cotton situation, not because it is the whole of the agricultural problem of the nation, but because the case of cotton is typical of the thing that is happening to farming in many sections of the United States.

Smiles

"Since we've moved to the country," explained the hostess proudly, "we raise nearly everything we eat. We even keep our own cow."

"Well," said the small son of the guest, setting down his glass disgustedly, "somebody stung you with a sour one."
—WIDOW

"Jones says he has learned to speak fluent Italian in a month."
"Can't understand it."
"Neither can the Italians."
—BOY'S LIFE

Client: "Why, Mr. Blackstone, your office is as hot as an oven."
Lawyer: "So it ought to be. I make my bread here."
—CHRISTIAN SCIENCE MONITOR

"You want more money! Why, my boy, I worked three years for \$11 a month right in this establishment. Now I'm the owner!"
"Well, you see what happened to your boss. No man who treats his help that way can hang on to his job."
—BEE-HIVE

Smith and Jones Company received a letter: "We are very much surprised that the money we have demanded so often has not arrived." They replied shortly and to the point:



WHERE CAN I GET SOME BAIT AROUND HERE?
GARDY IN BOY'S LIFE

"You do not need to wonder; we have not yet sent the money."

Young saxophonist to his next door neighbor: "Does my playing make you nervous?"

Neighbor: "It did when I first heard everybody discussing it, but now I don't care what happens to you."
—SELECTED

During a session of court there was so much talking and laughing going on that the judge, becoming provoked, shouted:

"Silence! Order in the court! We have decided half a dozen cases here this morning and I haven't heard a word of one of them!"
—CHRISTIAN SCIENCE MONITOR

Instructor: "You say in this paper that you know the connecting link between the animal and vegetable kingdoms. What is it?"
Student: "Stew."
—ROYAL ARCANUM BULLETIN

Fussy Passenger: "Is the 4:10 a good train?"
Porter: "Well, people will talk, of course, ma'am, but there's nothing definitely known ag'in'er."
—TID-BITS